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FM AMCONSUL THESSALONIKI

TO RUEHC/SECSTATE WASHDC PRIORITY 0413

INFO RUEHTH/AMEMBASSY ATHENS PRIORITY 0302

RUEHZN/EUROPEAN POLITICAL COLLECTIVE

RUEHIK/AMCONSUL THESSALONIKI 0456

UNCLAS SECTION 01 OF 02 THESSALONIKI 000001

SENSITIVE

SIPDIS

DEPT FOR EUR/SE

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [EINT](#) [PGOV](#) [PREL](#) [PTER](#) [SMIG](#) [SOCI](#) [GR](#)

SUBJECT: NORTHERN NOTES DECEMBER 2008

REF: A) THESSALONIKI 085, B) THESSALONIKI 081, C) THESSALONIKI 051

THESSALONI 00000001 001.2 OF 002

Following is a summary of last month's major developments in Northern Greece:

#### RIOTS IN THESSALONIKI DAMAGE OVER 100 BUSINESSES

**¶1.** (U) Riots sparked by the fatal police shooting of a 15-year-old schoolboy in Athens damaged over 100 downtown Thessaloniki businesses, including about 20 banks. Ref A.) Some businesses, including a Starbucks, a Benetton and several banks, were completely destroyed. Anarchists and other anti-government demonstrators occupied the Law School and about 20 other departments of Aristotle University, causing considerable damage to the buildings and other property. Police arrested several protesters disturbing the peace and damage of property, as well as for looting damaged shops. Local media criticized the government and police for their handling of the crisis and failure to protect property and restore order. The Metropolitan of Thessaloniki, Anthimos, spoke in a Sunday sermon of "foreign agents" that orchestrated the riots. Media and political commentators also circulated political conspiracy theories, including some insinuating the U.S. orchestrated the unrest in order to discourage Greece-Russia energy ties.

#### MONASTERY AT CENTER OF GOVERNMENT LAND SWAP SCANDAL ADMITS WRONGDOING

**¶2.** (SBU) Under pressure from Ecumenical Patriarch Bartholomew, Vatopedi monastery sent a letter of apology to the Monastic Community of Mt. Athos, acknowledging the harm that its questionable land exchanges with the GoG did to the image of Mt. Athos (Ref B). Vatopedi head monk Efrem also resigned his administrative functions, in a move that other monasteries hope will help frame the scandal as an isolated case of individual excess and limit damage to the image of Mt. Athos and the Orthodox Church. In a related development, Vatopedi monastery sent a letter to the Minister of Finance, reiterating an offer to return all properties Vatopedi acquired from the government in exchange for Lake Vistonida. The monastery is no longer publicly asserting its claim to Lake Vistonida, and is reportedly waiting for the courts decide whether the state or Vatopedi owns the lake.

THESSALONIKI PORT DEAL FALLS VICTIM TO GLOBAL FINANCIAL CRISIS

¶3. (SBU) Hong Kong-based Hutchison Port Holdings announced on December 23 that it was withdrawing from the deal to lease the Thessaloniki port's cargo station (Ref C.) The deal would have involved a major expansion of the port (Greece's second largest) and several hundred million Euros of upgrades funded by Hutchison. Post contacts close to the deal attributed the decision primarily to the global financial crisis but also noted that negotiations had snagged on several substantive issues. Port workers who have been staging strikes and work slow-downs for the past year in protest of the privatization of the cargo handling operation welcomed Hutchison's withdrawal. The port authorities are reportedly weighing options, including re-opening the competition for new bids. Media speculate that the second highest bidder for the lease tender, the Chinese company Cosco, which has already leased the cargo station of Greece's largest port, the southern Greek port of Piraeus, is likely to win the next competition.

SIEMENS PLANT IN THESSALONIKI ANNOUNCES CLOSURE

¶4. (U) A Siemens plant in Thessaloniki announced on December 10, that it will close down permanently on May 01, 2009. The decision followed the failure by management to reach an agreement with a strategic investor and the successful conclusion of negotiations, regarding the compensation packages of the plant's 450 workers. [Note: U.S. private equity firm Gores LLC owns 21% of the Thessaloniki plant and 51% of Siemens Enterprise Communications worldwide. End Note]

THESSALONI 00000001 002.2 OF 002

THESSALONIKI A KEY FRONT AGAINST CONTRABAND

¶5. (U) Thessaloniki law enforcement officials made large seizures of contraband materials in 2007 but remains a "preferred location for contraband," according to local newspaper report on a debate at the European Parliament about the alarming number of confiscated fake products on EU borders. In the first ten months of 2007, 4.05 million packets of cigarettes and more than 600,000 other fake products were seized by Customs authorities in Thessaloniki. Media cite the city's geographical location and presence of a major port as the main reasons behind the high level of contraband activity.

NUMBER OF ARRESTS OF ILLEGAL IMMIGRANTS IN CENTRAL MACEDONIA INCREASES SHARPLY

¶6. (U) Local media reported an 80% rise in the number of illegal immigrants arrested in the first ten months of 2008 in Central Macedonia (the northern Greek region including Thessaloniki), compared to the same period in 2007. The largely rural Prefecture of Pella recorded the highest number of arrests, at 2,159. A senior police contact confirmed the data to Post. Police welcomed news that Greece will receive 148 million from the EU's Fund of External Borders to tackle illegal immigration more successfully and implement the common policy on immigration and asylum.

CONSULATE GENERAL CO-ORGANIZES SEMINAR ON ALTERNATIVE FARMING IN THRACE

¶ 7. (SBU) On December 09, the Consulate General co-organized with the American Farm School of Thessaloniki, a one-day seminar on alternative crops and farming solutions in the Muslim-majority town of Komotini, Thrace. The purpose of the seminar was to advise local officials and farmers about options for replacing tobacco and other traditional crops that are no longer viable due to declining EU subsidies and dwindling water supplies. Local media covered the seminar favorably, with just one paper interpreting it as part of a wider effort to increase U.S. influence in the area.

CONSULATE GENERAL RECEIVES HOAX "WHITE POWDER" LETTER

¶ 8. (SBU) On Wednesday, December 24, the Consulate received an envelope mailed from the United States that contained a white powdery substance and a note stating "WE ARE ALQUADA FBI." Alert handling by local ConGen staff and Fire Department first responders protected staff and facilities from being exposed to the powder, which was tested by local labs and determined not to contain anthrax or other dangerous substances. The local press covered the incident factually.

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